

FY2004 Estimated K-12 Proration Impact

Proration Analysis by District and Intermediate School District

Prepared on November 10, 2003

Joint Report by the State Budget Office, Senate Fiscal Agency, and House Fiscal Agency

Based on the October 2003 Consensus Revenue Estimating Conference, the School Aid Fund is estimated to be \$349.6 million short of revenues to fund the enacted fiscal year 2004 budget. The State School Aid Act, as modified by PA 158 of 2003, requires proration of school aid funds if revenues are expected to fall below expenditure levels. The legislature received official notice from the State Budget Director on November 6, 2003, that if no further action is taken, state school aid payments will be prorated beginning with the December 20, 2003 state aid payment.

It is estimated that annualized **state payments to school districts and public school academies will be reduced by approximately \$196 per pupil. Payments to intermediate school districts will be reduced by 7.15% of their total unprotected state funding**, as specified in the law, which is an average of 3.12% of their total funding. Sections that are protected from proration include sections 11f, 11g, 22a, 31d, 51a(2), 51a(12), 51c, 53a, and 56.

These estimates will be impacted by fiscal year 2003 book-closing adjustments, fiscal year 2004 actual pupil count, and other cost data revisions that have not yet been received by the state.

If the per-pupil proration amount exceeds a district's unprotected state aid allocations, its payment will be reduced only up to the amount of its unprotected funding.

Data Sources:

- Pupil counts are estimates from the May 2003 Consensus Revenue Estimating Conference.
- October 2003 state aid payment data was used, where available, to estimate state aid payments except for Proposal A (22a), Discretionary Payments (22b), and Special Education Headlee Payments (51c), where joint estimates were used. If October 2003 data was not available, the August 2003 payment data was used and adjusted for FY04 appropriation levels.
- The numbers used in this report are **preliminary estimates**.